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RELATIVE FUNCTIONS OF THE DEPARTMENTS OF AGRICULTURE AND COMMERCE.

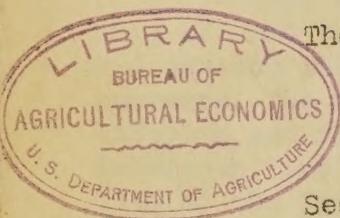
Attached hereto are the memoranda submitted by the Honorable, the Secretary of Agriculture, Henry C. Wallace and the Honorable, the Secretary of Commerce, Herbert Hoover, to the Honorable Walter F. Brown, Chairman of the Reorganization Committee, Bureau of Efficiency, with reference to the relative functions of their respective departments.

The first few pages are devoted to a brief of the statements and arguments of the two secretaries.

RECAPITULATION.

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BRIEF OF EVIDENCE RELATIVE TO FUNCTIONS OF THE DEPARTMENT OF AGRICULTURE AND DEPARTMENT OF COMMERCE IN AGRICULTURAL WORK.

EXTRACTS OF A LETTER AND MEMORANDUM FROM SECRETARY HOOVER TO MR. BROWN UNDER DATE OF OCTOBER 20, 1921.

Page 12: - Secretary Hoover's memorandum:

The Act of Congress approved February 14, 1903, creating the Department of Commerce and Labor contains this provision:

"It shall be the province and duty of said Department to foster, promote and develop the foreign and domestic commerce, the mining, manufacturing, shipping and fishery industries, the labor interests, and the transportation facilities of the United States."

EXTRACTS FROM A MEMORANDUM FROM SECRETARY WALLACE TO MR. BROWN UNDER DATE OF JANUARY 16, 1923.

Page 22: - Secretary Wallace's memorandum:

It will be noted that the organic Act creating the Department of Commerce FAILS TO MENTION AGRICULTURE in any way, and it is apparent, therefore, that Congress never had in mind the question of including matters pertaining to agriculture within the scope of the new Department. Confirmation of this may be found in the Congressional Record of January 15, 1903, when Representative Mann, who was in charge of the bill creating the Department of Commerce and Labor said:

"It is evident that not more than one new Department of the Government is likely to be created at this time, in view of our past policy, but it has seemed to your committee that THE ENORMOUS INTERESTS IN OUR COUNTRY NOT ENGAGED IN AGRICULTURE, but now engaged in trade and transportation, in manufacturing and mechanical pursuits, might well have gathered together into one new executive department of the Government those branches of the public service clearly related to their interests and which could easily be detached from the department in which they now are." Vol. 36, Part 1, Page 859, 57th Congress, 2nd Sess. 1/15/03.

The absolute certainty that it was not the idea of Congress to include any work related to agriculture in the new Department is emphasized in Section 12 of the Act to establish the Department of Commerce and Labor, a portion of which reads as follows:

"That the President be, and he is hereby, authorized by order in writing, to transfer at any time the whole or any part of any office, bureau, division or other branch of the public service engaged in statistical or scientific work, from the Department of State, the Department of the Treasury, the Department of War, the Department of Justice, the Post Office Department, the Department of the Navy or the Department of the Interior, to the Department of Commerce and Labor....."

In the foregoing the PRESIDENT IS AUTHORIZED TO MAKE TRANSFERS FROM EVERY DEPARTMENT OF THE GOVERNMENT EXCEPT THE DEPARTMENT OF AGRICULTURE.

Page 14: - Secretary Hoover's memorandum:

"Broadly speaking, the functions of the Department of Agriculture relating to soil production should end when the grain, fruit or animal moves from the farm and the tree moves from the forest, and the Department of Commerce should take up its activities when manufacture, transportation and distribution begin."

Page 21: - Secretary Wallace's memorandum:

Secretary Hoover has been exceedingly frank in stating his views and there is no possibility of misunderstanding them. He would forbid the Department of Agriculture from having anything whatsoever to do with the farmer's crops after they are produced and start to leave the farm or forest. He would permit the Department of Agriculture to encourage production in every way, but would forbid it from giving the farmer any information which might serve as a guide to what to produce from the standpoint of possible demand. Further, he would forbid the Department of Agriculture from giving any information as to markets; as to production in competing countries; as to economic conditions at home and abroad which may influence demand; as to methods of marketing; as to transportation. He would forbid the Department of Agriculture from pursuing its investigations looking toward more efficient utilization of crops produced, or of reporting market prices and conditions which might be helpful to

the farmer in determining when to sell or where to sell. Presumably all of this and similar work which has been and is now being done by the Department of Agriculture will be transferred to the Department of Commerce.

Page 17: - Secretary Hoover's memorandum:-

"The Department of Agriculture should tell the farmer what he can best produce, based on soil, climatic and other cultural conditions, and the Department of Commerce should tell him how best to dispose of it."

Page 21: - Secretary Wallace's memorandum

The corollary to the proposition laid down by Secretary Hoover is that the farmer himself should not have any concern with the marketing of his crops, or their utilization, or the price he gets for them; that his business is to produce abundantly, and, having produced, take his crops to the nearest market, sell them for what the buyer is willing to pay, and then go right back home and produce more as quickly as possible, taking no thought of the probable demand, nor of the price he is to receive, nor of the cost or methods of marketing until his crops reach the consumer, nor of the relation of the prices paid by the consumer to what he himself receives, nor of the efficiency with which the various handlers of his crops discharge their functions. The same thought was expressed more crudely on a certain historic occasion when the farmers of North Dakota, who were seeking reform of certain marketing abuses, were told to "Go home and slop your hogs." They went home and organized the Non-Partisan League.

Page 10: - Secretary Hoover's letter:-

"Based upon this construction of the law it will be seen that the functions of the Department of Agriculture should end when production on the farm is complete and movement therefrom starts, and at that point the activities of the Department of Commerce should begin."

Page 24: - Secretary Wallace's memorandum.

In 1910, in the appropriation Act for the Department of Agriculture, Congress authorized the Secretary "to investigate the cost of food supplies at the farm and to the consumer, and to disseminate the results of such investigations in whatever manner he may deem best." The interest in marketing work in agricultural products increased rapidly, until the Act making appropriations for the fiscal year 1913 the following paragraph was included:

"And that the Secretary of Agriculture be and he is hereby directed to secure from the various branches of the DEPARTMENT having authority TO INVESTIGATE SUCH MATTERS, REPORTS RELATIVE TO SYSTEM OF MARKETING FARM PRODUCTS, cooperative or otherwise, in practice in various sections of the United States, and of the demand for such products in various trade centers, and shall make such recommendations to Congress relative to further investigations of these questions and the dissemination of such information as he shall deem necessary."

Still there was no objection from the Department of Commerce that Congress was encroaching upon the field of their work.

Page 15: - Secretary Hoover's memorandum:

".....duplication is admitted and it is recognized that it should be obviated by IMPOSING THE PERFORMANCE OF THE DUTIES MENTIONED UPON ONE DEPARTMENT TO THE EXCLUSION OF THE OTHER."

Page 25: - Secretary Wallace's memorandum:

So far as I am able to ascertain, such unnecessary DUPLICATION OF WORK by the Department of Agriculture and the Department of Commerce HAS GROWN OUT OF THE PERSISTENT ENCROACHMENT BY THE DEPARTMENT OF COMMERCE UPON THE FIELDS PROPERLY BELONGING TO THE DEPARTMENT OF AGRICULTURE. This duplication has been much increased during the past year and a half, especially in the gathering and dissemination of agricultural market information, or rather market gossip, by the Department of Commerce. If there is to be a re-allocation of the work performed by the Department of Agriculture and the Department of Commerce, then adherence to your fundamental principle of major purpose would not only prevent any transfer of the marketing and statistical work now being done by the Department of Agriculture, but WOULD REQUIRE TRANSFER TO AGRICULTURE FROM COMMERCE THE BUREAU OF FISHERIES, AND OF THE GATHERING OF CERTAIN AGRICULTURAL STATISTICAL INFORMATION NOW BEING DONE

IN THE BUREAU OF THE CENSUS AND WHICH CAN BE DONE NOT ONLY BETTER BUT MUCH MORE CHEAPLY THROUGH THE STATISTICAL ORGANIZATION OF THE DEPARTMENT OF AGRICULTURE.

Page 14: - Secretary Hoover's memorandum:-

".....it is not possible to avoid all duplication of effort but such duplication can be reduced to a minimum by division of administrative service in accordance with the fundamental purposes for which each department of government was created."

Page 22: - Secretary Wallace's memorandum

The organic Act of the Department of Agriculture is very broad in scope, stating that the duties of the Department are "to acquire and diffuse among the people of the United States useful information on subjects connected with agriculture, in the most general and comprehensive sense of the word."

If it be admitted that the various activities carried on by the Department of Agriculture dealing with farm crops between the time they leave the farm and the time they reach the consumer, including this market news service, may properly be given by a Government agency but should be given by Commerce instead of Agriculture, all I have to say is that such a transfer of activities is utterly indefensible from every standpoint of sound administration, and if attempted would make it necessary for Commerce to assemble a group of agricultural scientists and experts which would rival in number the group now existing in the Department of Agriculture, AND WOULD RESULT IN VAST DUPLICATION OF WORK AND AN ADDED EXPENSE TO THE GOVERNMENT OF A GREAT MANY MILLIONS OF DOLLARS EACH YEAR.

Page 18: - Secretary Hoover's memorandum:

The collection and dissemination of this statistical information, covering the broad field of commerce and gathered with the idea of reflecting its effect on producers, distributors, and consumers, seems properly a work for the Department of Commerce. As other departments already occupy these fields partially, they bar the Department of Commerce from competent service covering all needs.

Page 23: - Secretary Wallace's memorandum:

In discussing the statistical work that was to come under the new Department of Commerce and Labor, the question was asked on the floor of the House whether it was the intention of the Committee to transfer the statistical work of the Department of Agriculture to the new Department. Mr. Mann replied as follows:

"I do not suppose that under this provision of the law that

transfer will ever be made, and certainly it will not be made UNLESS it should be a matter RECOMMENDED BY THE AGRICULTURAL DEPARTMENT ITSELF....."
(Vol. 36. Part. I, Page 863, 57th Cong., 2nd Sess., 1/15/03.

The statistical work of the Department which was specifically mentioned included all the economic work then being done by the Department of Agriculture. This work included even then the collecting and publishing of information regarding competitive supply and foreign consumption of farm crops. In the report of the Secretary of Agriculture for 1892 a statement is made that the Statistician had been persistent in his efforts for twenty years to perfect statistical exchanges with other governments. It also stated that investigations had been made in Europe of existing official methods and results in agricultural statistics, and that ninety-two different governments are represented in Miscellaneous Report No. 5, "Production and Distribution of the Principal Agricultural Products of the World." This was the beginning of the foreign work of the Department of Agriculture having to do with agricultural competition and demand.

In the appropriation bill for 1914 the following authority was given to the Secretary:

"To enable the Secretary of Agriculture to acquire and to diffuse among the people of the United States useful information on subjects connected with the MARKETING AND DISTRIBUTING OF FARM PRODUCTS, and for the employment of persons and means necessary in the city of Washington and elsewhere."

Passing over much legislation between 1914 and 1921, relating to marketing activities in the Department of Agriculture, we find that on August 15, 1921, the President of the United States approved a very comprehensive Act, known

as the Packers and Stockyards Act. The authority conferred upon the Secretary of Agriculture by this Act is of the very broadest character and covers the regulation of the manufacture of certain products produced on the farm. It is interesting to note that in the passage of this new and important piece of legislation, affecting the marketing of agricultural products, CONGRESS SAW FIT TO PLACE THE AUTHORITY WITH THE SECRETARY OF AGRICULTURE RATHER THAN WITH THE SECRETARY OF COMMERCE.

Page 18: - Secretary Hoover's memorandum:-

Using the Bureau of Markets as illustrating the application of the principle properly separating the functions of the Department of Commerce and the Department of Agriculture, it is believed that the furnishing of information on subjects connected with marketing and distributing farm and non-manufactured food products, collecting, publishing and distributing information on markets, supply and demand, commercial movement, etc., the certifying of the quality and condition of fruits, vegetables, poultry, butter, etc., at central markets, the investigation of foreign markets and foreign production, could all be performed by the Department of Commerce, and are functions that properly fall to it within the terms of the Act creating the Department.

Page 23: - Secretary Wallace's memorandum:

When the bill creating the Department of Commerce and Labor was under discussion in the Senate, the same idea of ELIMINATING FROM THE WORK OF THE DEPARTMENT OF COMMERCE MATTERS RELATING TO AGRICULTURE CAME UP. The following amendment was introduced by Senator Spooner:

"That the Secretary of Commerce shall have complete control of the work of gathering and distributing statistical information naturally relating to the subjects confided to his Department."

Senator Allison stated that apparently nearly everything was confided to this new Department. Senator Nelson replied to Senator Allison as follows:

"I will call the Senator's attention to the fact that THE SECRETARY OF COMMERCE WILL HAVE NOTHING TO DO WITH AGRICULTURE. That is not in the bill.

Vol. 35, Part. I, Page 867, 57th Cong., 1st Session, 1/22/02.

During the seven years following the organization of the Department of Commerce, or up to 1910, the Department apparently did not undertake any phase of marketing or distribution work in any way connected with agriculture. During

this same period, however, the Department of Agriculture carried on very important work on packing-house methods, decay of fruit in transit, proper loading of cars, icing and ventilation of cars of fruit, etc., together with other equally important work in the marketing of agricultural crops. At no time during this period did the Department of Commerce raise a single objection to any of this work as conducted by the Department of Agriculture.

Page 25: - Secretary Wallace's memorandum

Based upon the history and the law from the very earliest periods until the present, it will be seen that, contrary to the position taken by Secretary Hoover, it has ever been in the mind of Congress that the functions of the Department of Agriculture do not end when production on the farm is completed and movement therefrom starts, but that THE WORK OF THE DEPARTMENT OF AGRICULTURE INCLUDES NOT ONLY MATTERS OF PRODUCTION BUT ALSO THE MARKETING AND DISTRIBUTION OF THE PRODUCTS OF THE FARM.

Page 17: - Secretary Hoover's memorandum: - Page 25: - Secretary Wallace's memorandum

The Department of Commerce should give its attention to all other matters connected therewith which may well be defined as commercial investigation and research.

I would not be understood by anything said in the foregoing as suggesting that the Department of Commerce should not assist in every proper way in extending the foreign markets for our agricultural products. Quite the contrary, THE DEPARTMENT OF COMMERCE AGENTS CAN BE OF MUCH ASSISTANCE TO THE REPRESENTATIVES OF THE DEPARTMENT OF AGRICULTURE, and there is no reason why there should not be the FULLEST COOPERATION between them. I suggest, however, that much of the material dealing with foreign markets which is being put out by the Department of Commerce has not been collected with that understanding and with that care which ought to be exercised before the publication of such material by a Government agency. Apparently a great deal of it is picked up as floating gossip, but is given the stamp of authority when made public by a Government department.

January 16, 1923.

Hon. Walter F. Brown,

Chairman, Joint Committee on Reorganization.

Dear Mr. Brown:

I return herewith the letter and memorandum from the Secretary of Commerce which you sent to me a few weeks since. I suppose this letter and memorandum were prepared in response to my suggestion when you, Secretary Hoover and myself lunched together in July 1921, that we both submit statements setting forth our views of the matters under discussion briefly at the time. I sent you my memorandum on July 23, 1921. I note that Secretary Hoover's memorandum is dated October 20, 1921, but it was not transmitted to me and I knew nothing of it until the latter part of last month.

(Signed) H. C. WALLACE,

Secretary of Agriculture.

C O P Y

Department of Commerce
Office of the Secretary
Washington

October 20, 1921.

Honorable Walter F. Brown,
Chairman, Reorganization Committee,
Bureau of Efficiency,
Washington, D. C.

Dear Mr. Brown:

I enclose herein memorandum regarding the overlapping functions of the Department of Commerce and the Department of Agriculture, and especially as they relate to manufacture, transportation, distribution, and marketing of the products. It is my view, based upon the history as well as the provisions of the law creating the Department of Commerce, that Congress intended by the Act to establish a body to FOSTER COMMERCE IN ITS MOST COMPREHENSIVE SENSE FROM THE VIEWPOINT OF INDUSTRY AS a whole, and that, at the time, there was no other department occupying the field.

Based upon this construction of the law, it will be seen that the functions of the Department of Agriculture should end when production on the farm is complete and movement therefrom starts, and at that point the activities of the Department of Commerce should begin.

The strongest claim made by the Department of Agriculture for the handling of products on the farm when they enter into

commerce is that scientific research and technical examination are necessary in finally marketing the goods, and that the Department of Agriculture, by reason of education, experience, and sympathetic policy, is better able to handle those questions than the Department of Commerce. The answer is that scientific research and technical examination in distributing and marketing products of the farm take place in so few instances as compared with the commercial research and investigation that attends all commercial transactions that the importance of the claim becomes negligible. But to the extent that scientific investigation for causes of transit damages to farm products may become necessary, that feature may be left to the Department of Agriculture, as such cause and the remedy therefor may be obviated by changes in care and culture. If the damage or decay is due to some form of disease originating independent of production, then it may be left to the Department of Agriculture by scientific investigation and technical experiment to provide a remedy for the prevention. Functioning in this way, no claim could be made as to divided responsibility, nor would there be duplication in the maintenance of scientific staffs in the two departments.

Yours faithfully,

(Signed) Herbert Hoover,

Secretary of Commerce.

C O P Y

DEPARTMENT OF COMMERCE
Office of the Secretary
Washington

October 20, 1921.

Memorandum for Mr. Brown:

FUNCTIONS AND DUTIES OF THE DEPARTMENTS OF COMMERCE
AND OF AGRICULTURE.

The Act of Congress approved February 14, 1903, creating the Department of Commerce and Labor, contains this provision:

"It shall be the province and duty of said Department to foster, promote, and develop the foreign and domestic commerce, the mining, manufacturing, shipping and fishery industries, the labor interests, and the transportation facilities of the United States."

The clause, "the labor interests" was eliminated by the Act of March 4, 1913, which created the Department of Labor.

Under the statute it is plainly the duty of the Department of Commerce to engage in such activities as will aid and assist those engaged in foreign and domestic commerce, in mining, manufacturing, shipping and fishing, in the promotion and development of their various lines of endeavor, and to likewise assist in securing improvement and betterment in transportation facilities, for the movement of the various lines of commerce enumerated.

Mining, manufacturing, and fishing are forms of production, and the final products become articles of commerce. Distribution through marketing and sale is another form of commerce which can not be accomplished without resort to shipping and transportation.

The Department of Agriculture, headed by a Commissioner, was created by the Act of Congress approved May 15, 1862, and an exami--

nation thereof shows that no duty imposed upon the Department of Commerce by the legislation above quoted was in any manner delegated to the Department of Agriculture.

Practically all of the legislation dealing with the latter Department from the time of its establishment down to 1900 covered questions connected with the care and culture of soil products. No duty regarding distribution was imposed until the Act of May 25, 1900, which related to distribution of game birds and wild animals, etc.

It is therefore fair to say that prior to 1913 there was no statute imposing upon any other Department of government any of the duties set forth in the statute creating the Department of Commerce, and Congress must have believed, in the enactment of the law, that it was providing an entirely new field of administrative endeavor.

It will thus be seen that the major purpose of the Department of Commerce is to perform such functions of government as will aid and assist in all lines of production embraced in the various commercial pursuits enumerated in the statute. Animal production and production through soil growth are not included, these functions being within the province of the Department of Agriculture. Manufacture and distribution of all products, whether of the soil or otherwise, are within the province of the Department of Commerce.

PRINCIPLE FOR DETERMINING THE DIVIDING ACTIVITIES
OF DEPARTMENT OF
COMMERCE AND DEPARTMENT OF AGRICULTURE.

It is not possible to draw a line separating the activities of the Department of Commerce and the Department of Agriculture with

such exactness that all duplication of effort will be avoided.

There is scarcely a department of government that does not, in carrying out its administrative duties, perform an administrative service of a kind or class found in some other department of government. Every department, therefore, has bureaus and divisions which may not, at the present time, be duplicating the work in any other department, but which, by reason of their work, are equipped with men of education and experience capable of carrying on the work now being done in some other department.

As a result of this, it is not possible to avoid all duplication of effort, but such duplication can be reduced to a minimum by division of administrative service in accordance with the fundamental purposes for which each department of government was created.

APPLICATION OF PRINCIPLE.

Broadly speaking, the functions of the Department of Agriculture relating to soil production should end when the grain, fruit, or animal moves from the farm and the tree moves from the forest, and the Department of Commerce should take up its activities when manufacture, transportation and distribution begin.

If it be said that transporting, distributing and marketing products of the soil are inseparable from farm production, then manufacture of the raw farm product would also be inseparable from farm production. Approximately 75% of manufacture and commerce is devoted to products of the soil, and if the Department of Agriculture is to handle matters of distribution and manufacture of agricultural

products that would represent an extension of activities to which there is no logical or practical limit and no field of endeavor would be left for the Department of Commerce.

Since the appropriation act of 1913, under which the Bureau of Markets was organized, and under which the Secretary of Agriculture was authorized to acquire and diffuse among the people of the United States useful information on subjects connected with the marketing and distributing of farm products, there have been increased appropriations of this character, with the granting of enlarged powers and functions relating to marketing and distribution, until at the present time there is a clear duplication in functions and duties as between the Department of Commerce and the Department of Agriculture. This duplication is admitted and it is recognized that it should be obviated by imposing the performance of the duties mentioned upon one department to the exclusion of the other.

It has been said that there is much scientific research and technical experiment required in the care and culture of all farm products, and especially the perishables, and that such research and experiment must follow to the final consumer, in order to enable the producer to successfully carry on, and that the Department of Agriculture is better enabled, through experience, equipment and sympathetic policy, to handle distributing and marketing questions than the Department of Commerce. That there is much scientific research and experiment in the care and culture of farm products, especially perishables such as fruits and vegetables, can

readily be admitted, but that there is need in every instance for the same activities in transportation and distribution may well be questioned.

Perishables may arrive at a market in bad condition, due to numerous and varying causes. There may have been a bad order car, or a case of poor loading, or of improper packing. There may have been failure to ice, or there may have been rough handling in the yards, sufficient to cause shifting of load with resultant breakage, or the ventilating devices may have been neglected, as well as countless other things that can be determined through the ordinary means of investigating matters of that character. Damages result daily from the things enumerated, and scientific research and technical examination are not necessary to determine these causes of damage, and it is only when the cause of damage can not be determined through ordinary methods that a scientific examination would be called for to determine whether the damaged conditions were due to some form of disease. In so far as the detection of the causes of the latter character might show some connection with production or that some care in production might obviate them or that some other form of scientific remedy might become available, the Department of Agriculture could carry on its researches and studies without interfering with or duplicating work by the Department of Commerce. But these researches related to production and not to distribution and marketing. They would be for the purpose of removing a defect so the distributing agency could transport and market. It is a well known fact that de-

terioration in transit resulting from some form of pest is but a small percentage of the damage resulting from the ordinary hazards of transportation.

Again, distribution of products depends largely upon point of production and territories of consumption, and determination of these factors, involving as they do, the competitive features of every character that are always present, can as well be determined by the Department of Commerce as by the Department of Agriculture. The buying power of a community also affects distribution and that power depends upon the character of industry and the occupation of the people in that community. To illustrate, a better grade of fruit can be sold in Chicago than in Birmingham, the large colored population at the latter place, with its low buying power, accounting for the difference.

The Department of Agriculture should tell the farmer what he can best produce, based on soil, climatic and other cultural conditions, and the Department of Commerce should tell him how best to dispose of it. Therefore it would seem that in practical administration the only part of distribution or transportation of soil products that should engage the attention of the Department of Agriculture would relate to the deteriorated or damaged conditions of the commodity, the cause for which could only be determined through scientific investigation and technical experiment.

The Department of Commerce should give its attention to all other matters connected therewith which may well be defined as commercial investigation and research.

INSTANCES OF DUPLICATION OF EFFORT.

Various departments of the government are carrying on statistical services relating to the production, manufacture, and distribution of commodities. They are being recruited from many points of view and do not embrace the commercial aspect of their relations to current business. In many instances, such statistics are collected for the purpose of establishing some particular objective and when collected have a limited purpose that can not be of value to the commercial world as a whole. The collection and dissemination of this statistical information, covering the broad field of commerce and gathered with the idea of reflecting its effect on producers, distributors, and consumers, seems properly a work for the Department of Commerce. As other departments already occupy these fields partially, they bar the Department of Commerce from competent service covering all needs.

OVERLAPPING ACTIVITIES OF THE DEPARTMENTS OF COMMERCE AND AGRICULTURE.

An enumeration of the overlapping activities of the Departments of Commerce and of Agriculture would make this memorandum of too great length, but actual or potential overlap lies in some portion of the activities of the Bureau of Markets, a portion of the activities of the Bureau of Chemistry, and those relating to the foreign marketing of food stuffs. Using the Bureau of Markets as illustrating the application of the principle properly separating the functions of the Department of Commerce and the Department of Agriculture, it is believed that the furnishing of information on subjects connected with marketing and distributing farm and non-manufactured food products, collecting,

publishing and distributing information on markets, supply and demand, commercial movement, etc., the certifying of the quality and condition of fruits, vegetables, poultry, butter, etc., at central markets, the investigation of foreign markets and foreign production, could all be performed by the Department of Commerce, and are functions that properly fall to it within the terms of the Act creating the Department.

C O P Y

January 16, 1923.

Hon. Walter F. Brown,

Chairman, Joint Committee on Reorganization.

Dear Mr. Brown:

I return herewith the letter and memorandum from the Secretary of Commerce which you sent to me a few weeks since. I suppose this letter and memorandum were prepared in response to my suggestion when you, Secretary Hoover and myself lunched together in July 1921, that we both submit statements setting forth our views of the matters under discussion briefly at the time. I sent you my memorandum on July 23, 1921. I note that Secretary Hoover's memorandum is dated October 20, 1921, but it was not transmitted to me and I knew nothing of it until the latter part of last month.

The essence of Secretary Hoover's contention is found in the second paragraph of his letter of October 20, 1921, which reads:

"Based upon this construction of the law it will be seen that the functions of the Department of Agriculture should end when production on the farm is complete and movement therefrom starts, and at that point the activities of the Department of Commerce should begin."

And again on page 3 of his memorandum:

"Briefly speaking, the functions of the Department of Agriculture relating to soil production should end when the grain, fruit or animal moves from the farm and the tree moves from the forest, and the Department of Commerce should take up its activities when manufacture, transportation and distribution begin."

And again on page 6 of Secretary Hoover's memorandum:

"The Department of Agriculture should tell the farmer what he can best produce, based on soil, climatic and other cultural conditions, and the Department of Commerce should tell him how best to dispose of it."

In the foregoing, Secretary Hoover has been exceedingly frank in stating his views and there is no possibility of misunderstanding them. He would forbid the Department of Agriculture from having anything whatsoever to do with the farmer's crops after they are produced and start to leave the farm or forest. He would permit the Department of Agriculture to encourage production in every way, but would forbid it from giving the farmer any information which might serve as a guide to what to produce from the standpoint of possible demand. Further, he would forbid the Department of Agriculture from giving any information as to markets; as to production in competing countries; as to economic conditions at home and abroad which may influence demand; as to methods of marketing; as to transportation. He would forbid the Department of Agriculture from pursuing its investigations looking toward more efficient utilization of crops produced, or of reporting market prices and conditions which might be helpful to the farmer in determining when to sell or where to sell. Presumably all of this and similar work which has been and is now being done by the Department of Agriculture will be transferred to the Department of Commerce.

The corollary to the proposition laid down by Secretary Hoover is that the farmer himself should not have any concern with the marketing of his crops, or their utilization, or the price he gets for them; that his business is to produce abundantly, and, having produced, take his crops to the nearest market, sell them for what the buyer is willing to pay, and then go right back home and produce more as quickly as possible, taking no thought of the probable demand, nor of the price he is to receive, nor of the cost or methods of marketing until his crops reach the consumer, nor of the relation of the prices paid by the consumer to what he himself receives, nor of the efficiency with which the various handlers of his crops discharge their functions. The same thought was expressed more crudely on a certain historic occasion when the farmers of North Dakota, who were seeking reform of certain marketing abuses, were told to "Go home and slop your hogs". They went home and organized the Nonpartisan League.

If it be admitted that the various activities carried on by the Department of Agriculture dealing with farm crops between the time they leave the farm and the time they reach the consumer, including this market news service, may properly be given by a Government agency but should be given by Commerce instead of Agriculture, all I have to say is that such a transfer of activities is utterly indefensible from every standpoint of sound administration, and if attempted would make it necessary for Commerce to assemble a group of agricultural scientists and experts which would rival in number the group now existing in the Department of Agriculture, and would result in vast duplication of work and an added expense to the Government of a great many millions of dollars each year.

Inasmuch as Secretary Hoover bases his contentions "upon the history as well as the provisions of the law creating the Department of Commerce", I refrain from a general discussion of the principles involved and confine my remarks to the basis which Secretary Hoover lays down, and shall show you very conclusively that both the history and the law sustain a point of view exactly opposite to that held by Secretary Hoover.

The organic Act of the Department of Agriculture is very broad in scope, stating that the duties of the Department are "to acquire and diffuse among the people of the United States useful information on subjects connected with agriculture, in the most general and comprehensive sense of the word".

The Act creating the Department of Commerce and Labor provides "that it shall be the province and duty of said Department to foster, promote and develop the foreign and domestic commerce, the mining, manufacturing, shipping and fishery industries, the labor interests, and the transportation facilities of the United States".

It will be noted that the organic Act creating the Department of Commerce fails to mention agriculture in any way, and it is apparent, therefore, that Congress never had in mind the question of including matters pertaining to agriculture within the scope of the new Department. Confirmation of this may be found in the Congressional Record of January 15, 1903, when Representative Mann, who was in charge of the bill creating the Department of Commerce and Labor said:

"It is evident that not more than one new Department of the Government is likely to be created at this time, in view of our past policy, but it has seemed to your committee that the enormous interests in our country not engaged in agriculture, but now engaged in trade and transportation, in manufacturing and mechanical pursuits, might well have gathered together into one new executive department of the Government those branches of the public service clearly related to their interests and which could easily be detached from the department in which they now are."

The absolute certainty that it was not the idea of Congress to include any work related to agriculture in the new Department is emphasized in Section 12 of the Act to establish the Department of Commerce and Labor, a portion of which reads as follows:

"That the President be, and he is hereby, authorized by order in writing, to transfer at any time the whole or any part of any office, bureau, division or other branch of the public service engaged in statistical or scientific work, from the Department of State, the Department of the Treasury, the

Department of War, the Department of Justice, the Postoffice Department, the Department of the Navy or the Department of the Interior, to the Department of Commerce and Labor****"

In the foregoing the President is authorized to make transfers from every Department of the Government except the Department of Agriculture. In discussing the statistical work that was to come under the new Department of Commerce and Labor, the question was asked on the floor of the House whether it was the intention of the Committee to transfer the statistical work of the Department of Agriculture to the new Department. Mr. Mann replied as follows:

"I do not suppose that under this provision of the law that transfer will ever be made, and certainly it will not be made unless it should be a matter recommended by the Agricultural Department itself
***"

The statistical work of the Department which was specifically mentioned included all the economic work then being done by the Department of Agriculture. This work included even then the collecting and publishing of information regarding competitive supply and foreign consumption of farm crops. In the report of the Secretary of Agriculture for 1892 a statement is made that the Statistician had been persistent in his efforts for twenty years to perfect statistical exchanges with other governments. It also stated that investigations had been made in Europe of existing official methods and results in agricultural statistics, and that ninety-two different governments are represented in Miscellaneous Report No. 5, "Production and Distribution of the Principal Agricultural Products of the World". This was the beginning of the foreign work of the Department of Agriculture having to do with agricultural competition and demand.

When the bill creating the Department of Commerce and Labor was under discussion in the Senate, the same idea of eliminating from the work of the Department of Commerce matters relating to agriculture came up. The following amendment was introduced by Senator Spooner:

"That the Secretary of Commerce shall have complete control of the work of gathering and distributing statistical information naturally relating to the subjects confided to his Department".

Senator Allison stated that apparently nearly everything was confided to this new Department. Senator Nelson replied to Senator Allison as follows:

"I will call the Senator's attention to the fact that the Secretary of Commerce will have nothing to do with agriculture. That is not in the bill."

During the seven years following the organization of the Depart-

ment of Commerce, or up to 1910, the Department apparently did not undertake any phase of marketing or distribution work in any way connected with agriculture. During this same period, however, the Department of Agriculture carried on very important work on packing house methods, decay of fruit in transit, proper loading of cars, icing and ventilation of cars of fruit, etc., together with other equally important work in the marketing of agricultural crops. At no time during this period did the Department of Commerce raise a single objection to any of this work as conducted by the Department of Agriculture.

In 1910, in the appropriation Act for the Department of Agriculture, Congress authorized the Secretary "to investigate the cost of food supplies at the farm and to the consumer, and to disseminate the results of such investigations in whatever manner he may deem best". The interest in marketing work in agricultural products increased rapidly, until in the Act making appropriations for the fiscal year 1913 the following paragraph was included:

"And that the Secretary of Agriculture be and he is hereby directed to secure from the various branches of the Department having authority to investigate such matters, reports relative to system of marketing farm products, cooperative or otherwise, in practice in various sections of the United States, and of the demand for such products in various trade centers, and shall make such recommendations to Congress relative to further investigations of these questions and the dissemination of such information as he shall deem necessary."

Still there was no objection from the Department of Commerce that Congress was encroaching upon the field of their work. Following the instruction of Congress the Secretary of Agriculture made a full and comprehensive report in Report No. 98 of the Office of the Secretary, with the result that in the appropriation bill for 1914 the following authority was given to the Secretary:

"To enable the Secretary of Agriculture to acquire and to diffuse among the people of the United States useful information on subjects connected with the marketing and distributing of farm products, and for the employment of persons and means necessary in the city of Washington and elsewhere, there is hereby appropriated the sum of \$50,000, of which sum \$10,000 shall be immediately available."

Passing over much legislation between 1914 and 1921, relating to marketing activities in the Department of Agriculture, we find that on August 15, 1921, the President of the United States approved a very comprehensive Act, known as the Packers and Stockyards Act. The authority conferred upon the Secretary of Agriculture by this Act is of the very broadest character and covers the regulation of the manu-

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unable to ascertain, such unnecessary duplication of effort between the Department of Agriculture and the Department of Commerce persistent encroachment by the Department of Commerce into fields properly belonging to the Department of Agriculture duplication has been much increased during the war, especially in the gathering and dissemination of information, or rather market gossip, by the Department of Commerce. If there is to be a reallocation of the work between the Department of Agriculture and the Department of Commerce to your fundamental principle of major purpose that any transfer of the marketing and statistical work from the Department of Agriculture, but would require removal from Commerce the Bureau of Fisheries, and certain agricultural statistical information now in the Bureau of the Census and which can be done not only cheaply through the statistical organization of the Department of Agriculture.

be understood by anything said in the foregoing as the Department of Commerce should not assist in every effort in opening the foreign markets for our agricultural products. The Department of Commerce agents in attendance to the representatives of the Department of Agriculture there is no reason why there should not be the same relationship between them. I suggest, however, that much of the work with foreign markets which is being put out by the Department of Commerce has not been collected with that understanding which ought to be exercised before the publication of a Government agency. Apparently a great deal of work up as floating gossip, but is given the stamp of official public by a Government department.

Very truly yours,

(Signed) H. C. Wallace,

Secretary.

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facture of certain products produced on the farm. It is interesting to note that in the passage of this new and important piece of legislation, affecting the marketing of agricultural products, Congress saw fit to place the authority with the Secretary of Agriculture rather than with the Secretary of Commerce.

Based upon the history and the law from the very earliest periods until the present, it will be seen that, contrary to the position taken by Secretary Hoover, it has ever been in the mind of Congress that the functions of the Department of Agriculture do not end when production on the farm is completed and movement therefrom starts, but that the work of the Department of Agriculture includes not only matters of production but also the marketing and distribution of the products of the farm.

So far as I am able to ascertain, such unnecessary duplication of work by the Department of Agriculture and the Department of Commerce has grown out of the persistent encroachment by the Department of Commerce upon the fields properly belonging to the Department of Agriculture. This duplication has been much increased during the past year and a half, especially in the gathering and dissemination of agricultural market information, or rather market gossip, by the Department of Commerce. If there is to be a reallocation of the work performed by the Department of Agriculture and the Department of Commerce, then adherence to your fundamental principle of major purpose would not only prevent any transfer of the marketing and statistical work now being done by the Department of Agriculture, but would require transfer to Agriculture from Commerce the Bureau of Fisheries, and of the gathering of certain agricultural statistical information now being done in the Bureau of the Census and which can be done not only better but much more cheaply through the statistical organization of the Department of Agriculture.

I would not be understood by anything said in the foregoing as suggesting that the Department of Commerce should not assist in every proper way in extending the foreign markets for our agricultural products. Quite the contrary. The Department of Commerce agents can be of much assistance to the representatives of the Department of Agriculture, and there is no reason why there should not be the fullest cooperation between them. I suggest, however, that much of the material dealing with foreign markets which is being put out by the Department of Commerce has not been collected with that understanding and with that care which ought to be exercised before the publication of such material by a Government agency. Apparently a great deal of it is picked up as floating gossip, but is given the stamp of authority when made public by a Government department.

Very truly yours,

(Signed) H. C. Wallace,

Enclosures.

Secretary.

